

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: EQUITABLE RESOURCES ENERGY)
COMPANY, a West Virginia) VIRGINIA GAS
Corporation) AND OIL BOARD
)
RELIEF SOUGHT: EXCEPTION TO) DOCKET NO.
STATEWIDE SPACING) 98-0519-0666
LIMITATIONS PRESCRIBED)
BY VIRGINIA CODE ANN.)
§ 45.1-361.17(A)(2))
)
LEGAL DESCRIPTION:)
)
WELL NUMBER V-3868)
PENN VIRGINIA RESOURCES CORPORATION)
TRACT NO. 69)
APPALACHIA QUADRANGLE)
RICHMOND MAGISTERIAL DISTRICT)
WISE COUNTY, VIRGINIA)

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This cause came on for hearing before the Virginia Gas and Oil Board (hereinafter "Board") at 9:00 a.m. on May 19, 1998, Dickenson Conference Room, Southwest Virginia Education 4-H Center, Abingdon, Virginia.
2. Appearances: James E. Kaiser of Wilhoit & Kaiser, appeared for the Applicant; and Sandra B. Riggs, Assistant Attorney General was present to advise the Board.
3. Notice and Jurisdiction: The Board finds that it has jurisdiction over the subject matter. The Board also finds that the Applicant has exercised due diligence to locate and provide notice to all persons entitled to notice of this proceeding.
4. Relief Requested: Applicant requests an exception to the statewide spacing requirements set forth in Va. Code § 45.1-361.17 for Well Number V-3868 for Applicant's development and operation of Conventional Gas from the Mississippian and Devonian Age formations including the Base Lee Sands, Ravencliff, Maxon, Big Lime, Borden, (Weir), Sundbury Shale (Coffee), Berea and Devonian Shales formations, from surface to total depth drilled of 5,450 feet, excluding coalbeds and rock strata associated therewith ("Subject Formations"). Applicant requests the Board's consent to drill Well Number V-3868 2,413 feet from existing EREC Well Number 10039 at the location depicted on Exhibit A hereto.
5. Amendments: None.

6. Reasons Relief Should Be Granted: Evidence presented on behalf of the Applicant shows, and the Board finds that:

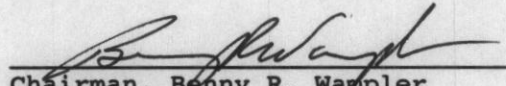
- (1) Applicant proposes to operate Well V-3868 for the purpose of producing conventional gas. The location depicted on Exhibit A for Well V-3868 does not represent a legal location for a conventional gas well in that said location does not comply with the statewide spacing limitations established by Va. Code § 45.1-361.17.
- (2) The proposed Well V-3868 is located on a surface, coal, oil and gas tract consisting of 13.65 acres, known as the Penn Virginia Resources Corporation Tract 69. The acreage in all the surrounding drilling units are voluntarily leased to the Applicant who operates all reciprocal wells. Thus, the granting of the application herein will not impact on the correlative rights of any person.
- (3) By letter dated May 14, 1998 from Penn Virginia Coal Company to the Applicant, the coal operator consented to the well location for proposed Well V-3868 depicted on Exhibit A and indicated that said coal operator was unable to find another location for Well V-3868 which would not significantly interfere with the mining and recovery of coal in the area of Subject Drilling Unit.
- (4) An expert witness testified that the granting of the location exception is necessary to accommodate the mining and recovery of coal in the vicinity of the well, to effectively and efficiently drain a portion of the common sources of supply (reservoir) underlying Subject Drilling Unit, and is in the best interest of preventing waste, protecting correlative rights and maximizing recovery of Conventional Gas underlying Subject Drilling Unit.

7. Relief Granted: The requested relief in this cause be and hereby is granted allowing the Applicant to permit and drill Well Number V-3868 2,413 feet from existing EREC Well 10039 at the location depicted on Exhibit A hereto for the purpose of producing conventional gas therefrom.

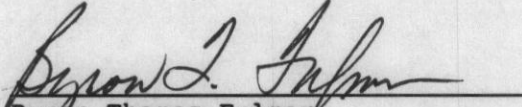
8. Findings: That the well location exception is needed in order to prevent waste, correlative rights and to generally effect the purposes of the Virginia Gas and Oil Act.

9. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 7th day of July, 1998, by a majority of the Virginia Gas and Oil Board.

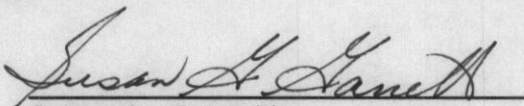

Chairman, Benny R. Wampler

DONE AND PERFORMED this 13th day of July, 1998, by Order of this Board.


Byron Thomas Fulmer
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

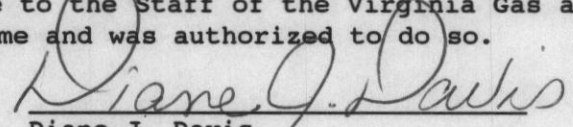
Acknowledged on this 7th day of July, 1998, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

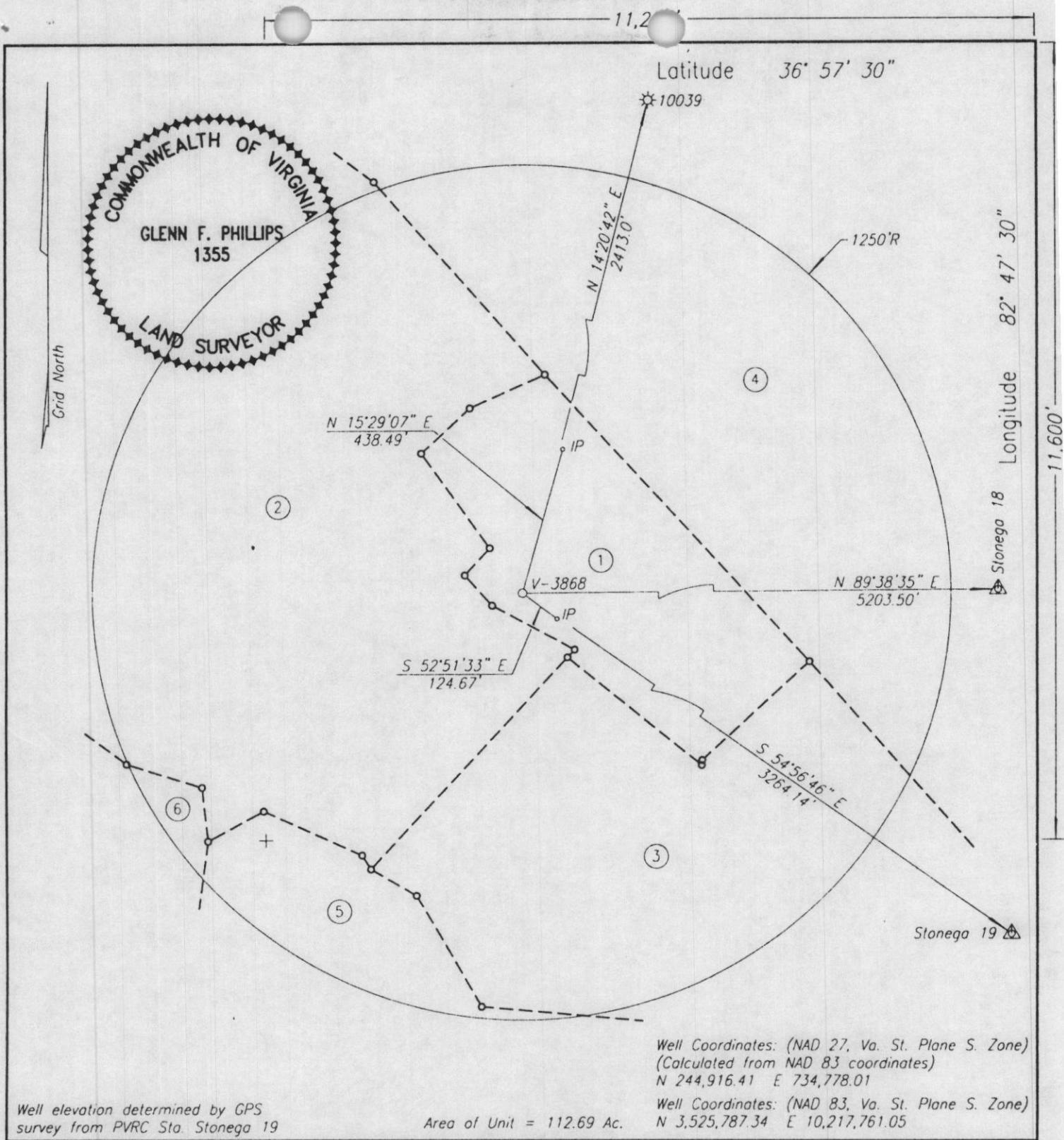
My commission expires: 7/31/98

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 13th day of July, 1998, personally before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Diane J. Davis
Notary Public

My commission expires September 30, 2001



WELL LOCATION PLAT

COMPANY Equitable Resources Energy Company WELL NAME AND NUMBER V-3868
TRACT NO. Tk. 69 ELEVATION 2483.89 QUADRANGLE Appalachia
COUNTY Wise DISTRICT Richmond SCALE 1" = 400' DATE 4-14-1998
This Plat is a new plat x; an updated plat ; or a final location plat

+ Denotes the location of a well on United States topographic Maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown.

Glenn F. Phillips

Licensed Professional Engineer or Licensed Land Surveyor

V-3868 PLAT
TRACT OWNERSHIP INFORMATION SCHEDULE

- 1 . Lease No. 223096L / TK 69
Penn Virginia Resources Corporation - oil & gas
Penn Virginia Coal Company - surface & coal
J. B. Lawson
13.65 Acres
Gas 13.35 Ac. 11.84%
- 2 . Lease No. 223096L / TK 66
Penn Virginia Resources Corporation - oil & gas
Penn Virginia Coal Company - surface & coal
Soloman Wells
126.68 Acres
Gas 40.51 Ac. 35.95%
- 3 . Lease No. 223096L / TK 63
Penn Virginia Resources Corporation - oil & gas
Penn Virginia Coal Company - surface & coal
D. C. Coldiron
26.14 Acres
Gas 22.94 Ac. 20.36%
- 4 . Lease No. 223096L / TK 88
Penn Virginia Resources Corporation - oil & gas
Penn Virginia Coal Company - surface & coal
Olinger
202.0 Acres
Gas 29.39 Ac. 26.08%
- 5 . Lease No. 223096L / TK 64
Penn Virginia Resources Corporation - oil & gas
Penn Virginia Coal Company - surface & coal
H. A. Cress
163.75 Acres
Gas 5.70 Ac. 5.05%
- 6 . Lease No. 223096L / TK 62
Penn Virginia Resources Corporation - oil & gas
Penn Virginia Coal Company - surface & coal
D. C. Coldiron
59.16 Acres
Gas 0.81 Ac. 0.72%

EXHIBIT B

V-3868

VGOB 98/05/19-0666

Penn Virginia Resources Corporation
999 Executive Park Blvd.
Suite 300
Kingsport, TN 37660
Attn: Ralph Tomlinson

Penn Virginia Coal Company
P.O. Box 386
Duffield, VA 24244
Attn: Keith Horton